



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

The future of national news agencies in Europe - case study 3: the changing relationship between news agencies and the state

LSE Research Online URL for this paper: <http://eprints.lse.ac.uk/100066/>

Version: Published Version

Monograph:

Juntunen, Laura and Nieminen, Hannu (2019) The future of national news agencies in Europe - case study 3: the changing relationship between news agencies and the state. . London School of Economics and Political Science, Department of Media and Communications, London, UK. ISBN 9781909890558
10.21953/lse.oc95dmr2xy5y

Reuse

This article is distributed under the terms of the Creative Commons Attribution (CC BY) licence. This licence allows you to distribute, remix, tweak, and build upon the work, even commercially, as long as you credit the authors for the original work. More information and the full terms of the licence here: <https://creativecommons.org/licenses/>



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Case Study Authors

Laura Juntunen

Hannu Nieminen

THE FUTURE OF NATIONAL NEWS AGENCIES IN EUROPE

Case study 3

The changing relation between
news agencies and the state

2019

Supported by the LSE
Knowledge Exchange and Impact Fund ■

2 The changing relation between news agencies and the state

Abstract

This case study analyses the relationship between European news agencies and the state. On the basis of interviews, official documents and secondary sources, we examine recent developments in the relationship with the state in a sample of four countries – Finland, France, Poland and Spain – representing different kinds of media systems. While the evolution of this relationship has been different and unique in each country, they are all bound by the competition rules of the European Union, and the challenges that the agencies face are similar. In general, European news agencies are struggling to keep their basic news services profitable. We argue that in the age of fake news and disinformation the social and democratic value of these news services is much greater than their economic value to their owners. From the democracy perspective, these services can be understood as a public good, and therefore the subsidising of content with a high information value can be in the public interest if certain preconditions are met. At the same time, safeguarding the editorial, and in particular the structural, independence of the agencies from political control is essential.

Funding

The Future of National News Agencies in Europe received funding from a number of sources: Media Research Foundation of Finland (67 285 euros); Jyllands-Posten Foundation, Denmark (15 000 euros); LSE Knowledge Exchange and Impact (KEI) Fund, UK (83 799 pounds) (only for impact, not for research); University of Helsinki, Finland (9 650 euros); and LSE Department of Media and Communications, UK (4 752 pounds).

Introduction

States can intervene in the functioning of news agencies through various structural means. Our report explores how the relationship between news agency and state has developed in some European countries with regard to: a) regulation and governance, b) finance and ownership and c) indirect or direct political control.

These aspects are observed in four country cases: Finland, France, Poland and Spain. Common to all four countries is that the question of the relationship between the news agency and the state has been topical and subject to renegotiation in recent years. These countries were chosen in order to include various types and sizes of news agency and the selection spans different media systems, from north to south and east to west in Europe.

In terms of size, scope and orientation, the news agencies chosen for the case study differ greatly from one another, reflecting the preconditions set by national histories and the size of their home markets. While the French Agence France-Presse (AFP) and the Spanish Agencia EFE are among the four largest news agencies in the world and operate in comparatively large markets on the European scale, the Polish Press Agency (PAP) is clearly less international than others in orientation, and the Finnish News Agency (STT) operates in a small and linguistically isolated domestic market.¹ In terms of turnover, AFP is over twenty times bigger than STT and PAP and almost four times the size of EFE.²

The evolution of the relationship between the media and the state has been different and unique in each country because of their histories, social and political structures, different cultural backgrounds, and the characteristics of their media systems. The already classic categorisation by Hallin and Mancini (2004) helps us to understand the role of the state with regard to the media in general.

In this classification, France and Spain are both seen as representing the Mediterranean or polarised-pluralist media model, characterised by the strong role played by the state, the close relationship between political actors and the media, and an elitist and polarised media field – although this last tendency has somewhat diminished in recent decades. Although they are grouped as the same ideal type in terms of the state's role, there are underlying differences, rooted in their political histories, between the

two countries. In France the consolidation of democracy led to the development of a strong welfare state similar to that of the societies of northern Europe, whereas in Spain democratisation took place relatively late and the media system has reflected remnants of the authoritarian traditions of control of the years of the Franco dictatorship (Hallin & Mancini, 2004).

The Polish media field is similarly characterised by strong polarisation and by strong institutional connections between the media and the state (see e.g. Dobek-Ostrowska, 2012). Although in some respects, including the traditionally low newspaper circulation, the Polish media system resembles those of southern Europe, it is more of a mixture of the polarised-pluralist and liberal ideal types (Hallin & Mancini, 2012a, 2012b; Szynol & Glowacki, 2011). The high degree of politicisation is combined with a strong commercialisation of the media that took place after the fall of the Communist regime, and today the Polish media market is dominated by foreign media groups. However, the far-reaching media reform carried out in Poland in the 1990s and aimed at reducing state influence in the media sector only partially implemented the 'Western' normative model (Klimkiewicz, 2017) and some structural elements inherited from the former communist state media have remained resistant to change in the CEE countries (Castro Herrero et al., 2017).

In contrast to the other three countries, Finland represents a small welfare state in northern Europe. According to Hallin and Mancini (2004), the key characteristics of the so-called democratic-corporatist media model include the co-existence of political parallelism and journalistic professionalism. The role of the state has traditionally been an active one, while at the same time providing strong protection for press freedom.

Using the path-dependency approach as a loose analytical framework, we take account here of the historical structures and seek to understand how the set of decisions observed today are affected by decisions made in the past that tend to constrain future institutional change (Ryfe, 2011; Bannerman & Haggart, 2014). However, rather than seeking to compare the situations in different countries, this report aims to illuminate the different ways in which European news agencies interact with the state.

Despite their many differences, the agencies are currently faced with more or less the same challenges. While some

¹ In 2018 the population of France was 65 million, compared to 46 million in Spain, 38 million in Poland, and only 5.5 million in Finland (Worldometers, 2018). Based on GDP, France was the third largest economy in the EU, while Spain ranked sixth, Poland tenth and Finland sixteenth (International Monetary Fund, 2018).

² Based on the agencies' annual reports and on our interviews, in

2017 the turnover of AFP was around 300 million euros, EFE's was 77 million euros, PAP's 13 million euros and STT's 12 million euros. AFP has ca. 2,300, EFE ca. 700, PAP ca. 400 and STT ca. 120 staff (AFP, n.d.; Agencia EFE, 2018a; STT, n.d.; interviews with PAP management).

4 The changing relation between news agencies and the state

have been more successful in inventing new business strategies in the digital media environment, hardly any of the European news agencies have managed to maintain a general news service as a profitable business. Also, the regulatory framework and the competition rules of the European Union, in particular, now set preconditions for state support/intervention and thus limit the choices available in each member country.

In the following we first give a brief overview of the development of the state relationship in each country. After this, we delve into the forms of public funding and the governance structures of the agencies, with an emphasis on recent changes in the regulatory framework at national and EU level. Finally, we make some remarks on questions of political (in)dependence and discuss the social value of national news agencies from the perspective of democracy.

The analysis is based on 12 semi-structured interviews with relevant stakeholders (including news agency representatives, state officials, politicians and academics), as well as on administrative documents (including laws and EU Commission rulings), unofficial secondary data (such as media texts) and earlier research.³

The foundations of the state relationship

The foundations of the relationship between news agency and state are laid down in the ownership structures and legislative framework. Of the four agencies examined here, all but the privately owned Finnish STT are subject to special legislation. EFE and PAP are publicly owned companies, while AFP is 'an autonomous civil entity functioning under commercial rules'.⁴

AFP

The history of AFP can be traced back to the privately run Havas agency, founded in 1835, which during the Second World War was taken over and converted into a propaganda tool (renamed French Information Office) for the Vichy government. The French news agency was reconstituted in 1944 as a state enterprise providing services for the state and mostly dependent on its funds (see e.g. Kuhn, 2011, p. 145.) From the beginning, AFP's existence has been marked by a conflict of different

interests: while the French press was primarily concerned to establish a national news agency, the Ministry of Foreign and Colonial Affairs was keen to have an international agency to disseminate French news abroad.

The reconciliation of these different interests finally led to the formulation of a statute approved by the French parliament in 1957, which laid down fundamental principles intended to guarantee the agency's independence. In many ways, AFP's statute is unique of its kind. The agency came under the joint control of both the French government and the French press, and the statute was intended to guarantee its independence from both public- and private-sector interference. The *sui generis* status given to the agency makes it neither a state-owned nor a commercial entity, which differentiates AFP both from other global news agencies operating purely on a commercial basis and from those operating under the direct control of the governments that finance them.

The first two articles of AFP's statute outline the purpose and obligations of the agency. Its mission is 'to seek out, in France as well as abroad, the elements of a complete and objective information service' and 'to place that information at the disposal of users in exchange for payment'. In sum, AFP must provide objective, exact, impartial and trustworthy information on a regular and uninterrupted basis. It is specifically stressed that the agency may under no circumstances compromise its objectivity or 'fall under the control, either *de facto* or *de jure*, of any ideological, political or economic grouping'. Also, the global nature of the agency is explicitly formulated: in accordance with its mission, AFP is expected to provide information not only to French but also to foreign users and 'must to the full extent that its resources permit, ensure the existence of a network of facilities giving it the status of a worldwide information service.' (Legifrance, 2018; English translation of AFP statutes by SOS AFP, 2017.)

EFE

Agencia EFE was created in 1939, in the midst of the Spanish Civil War, as a communication tool for the government, with the purpose of disseminating, to other parts of Spain as well as abroad, information favourable to the winning army. Hence, EFE was not meant to become a profitable enterprise, but was rather created for political and patriotic purposes. However, the supporters of Franco were well aware of the importance of appearances, which is why EFE was not founded as a state agency but as a

³ In France, Poland and Spain, we conducted interviews with one or two news agency representatives as well as with a local media researcher from each country. In Finland, the interviewees included the Minister of Communication and one of her subordinates, a member of parliament and two media professionals, one of whom is a member of STT's board.

⁴ In legal form, Agencia EFE is a public (limited) company owned by the state holding company SEPI, which in turn is controlled by the Ministry of the Treasury. The Polish press agency (PAP) is a joint-stock company of which 100 percent is owned by the Republic of Poland. In legal form it is a *statio fisci* (a representative of the state, acting on behalf and for the benefit of the state).

private company owned by private shareholders (Artero, 2008, p. 58). For several decades EFE was clearly a political instrument of Franco's dictatorship, but it has developed into the fourth largest news agency in the world and the leading global news provider in Spanish.

A royal decree, approved by the Spanish Council of Ministers in December 2018, specifies EFE's obligations of public service. These include guaranteeing the informational needs of Spanish society and spreading its identity and cultural diversity. The agency is expected to cover 'events of special interest for Spain' and to disseminate these to national and foreign media. In particular, EFE has the duty cover 'the activities and trips of the Royal Family, the Head of State, members of the government, the Cortes Generales [Congress], the judiciary and other institutions and organs of the state'. Furthermore, EFE is obligated to 'foster the interchange of information within the national territory and to contribute to the territorial information balance in Spain'. The agency also has an express duty to provide information services to the General State Administration. (Boletín Oficial del Estado (BOE), 2018.)

On an international level, EFE has the obligation to 'further the information exchange between Spain and the rest of the world and to guarantee the informational presence of Spain abroad, in particular in the countries of the European Union, the Ibero-American community, the United States of America, the Maghreb countries and North Africa and Asia.' (BOE, 2018.) The latest formulation expands the scope somewhat from the previous formulation in the agency's mission statement of 2015, which emphasised the obligation towards the Spanish-speaking world and Latin America in particular. The importance given to domestic language(s) was also emphasised by the newly elected president of EFE, Fernando Garea, in a speech in the Spanish Congress (Cortes Generales, 2018):

I do not think it is necessary to explain how important Agencia EFE is, not only for practising the democratic right [of citizens] of access to information, but also for representing Spain abroad, especially in Latin America, and disseminating the Spanish language and co-official languages Galician, Basque and Catalan. [our translation]

PAP

The predecessor of the Polish Press Agency (PAP) was the Polish Telegraph Agency (PAT), which operated between 1918 and 1939. The Polish news agency was re-established in the early 1990s. In a similar manner to AFP and EFE, PAP is subject to special legislation, passed in

1997, which sets out the agency's mission. In addition, it is governed by the Polish code of commerce.

As defined in its statute, 'The Polish Press Agency is a public press agency which gathers and provides its subscribers with objective and comprehensive information from Poland and abroad'. It is 'obliged to communicate the position of the Sejm [lower house], Senate [upper house], the President of the Republic of Poland and the Council of Ministers'. Furthermore, it is stated that 'the Polish Press Agency enables other leading state agencies to communicate their position on important state issues'.⁵

According to article 2 of the 1997 legislation, "the Polish Press Agency must not be controlled neither legally nor economically by any ideological, political or economic entity", while the obligation to cover the actions of state institutions is clearly expressed in article 1.

* * *

These mission statements clearly reflect both democratic goals of providing information crucial to an active citizenry and more nationalistic interests and priorities. As formulated by Hallin and Mancini (2004, p. 120), publicly funded news agencies function both to maintain the presence of the national press on the world scene and as a subsidy to domestic news media that use the service.

On the international level, both AFP and EFE have a more or less clearly articulated task of displaying the nation as well as of counterbalancing the otherwise Anglo-Saxon-dominated world view promoted by the other big international news agencies AP and Reuters and by international media companies such as the British public broadcaster BBC (cf. Kuhn, 2011, pp. 146). In both cases, this determination to maintain the agency's position among the major global news distributors seems to reflect the imperialist legacies of former world powers. Although both are competitive actors across international media markets, EFE has traditionally had a clearly emphasised duty towards Latin America and AFP has had notably strong links with the former French colonies. On top of promoting national visions of world news, the strong presence in these regions arguably also aims to safeguard the interests of French and Spanish companies in these markets.

As viewed by Kuhn (2011, p. 146), AFP has benefitted from and built upon its 'first mover' advantage, which allows it to play 'an important substantive and symbolic role as a French media presence in the world of national and international news agencies, with a status higher than the

⁵ The section of the statute defining the mission of the agency

was translated by PAP personnel at our request.

6 The changing relation between news agencies and the state

country's economic or political importance would now justify'. According to a French academic interviewed for our study, throughout AFP's history the French state has been far more committed to maintaining the agency's international role than has the French press, which has been rather inclined to avoid the unnecessary costs of sustaining an expensive foreign network.

On the domestic level, too, it is important from the state's point of view that local media be able to distribute news from a national agency rather than from those of competitor countries – a point much debated in Poland lately. The informative function and the obligation to keep close track of intergovernmental affairs is clearly set out in the statutes of the Spanish and Polish agencies, giving them the double function of serving, on the one hand, the interests of the state and, on the other, the needs of a growing commercial clientele. In the case of AFP, previous research has also concluded that, while government interference seldom occurs, the quasi-public status of the agency may make it more inclined to take the 'official' view of what constitutes news, and therefore that drawing the line between 'AFP's professional duty as a news agency and its patriotic duty as the supposed "voice of France"' may be difficult' (Thogmartin, 1998, p. 153). However, the requirement of independence is emphasised in all three statutes discussed.

State aid and EU competition rules

While national media policies have varied both over time and across countries, today they are increasingly dependent on EU-level decisions. Most notably, the EU state aid rules now set the framework for state funding in member countries. The so-called SGEI legislation (services of general economic interest) is applied to services that are considered important to citizens or to the functioning of society and therefore can be funded from public resources.⁶ The recent competition rulings of the European Commission have been favourable for both AFP and EFE, and the Finnish STT is receiving a one-off subsidy from the government on the basis of the SGEI legislation.

AFP

The year 2015 saw a reform of AFP's statute, which had remained largely in its original form until then despite some attempts at change over the years. The changes were necessary in order to meet the demands of the European Commission, which was insisting that the

status of AFP be brought into compliance with European competition rules. The Commission had opened an inquiry in 2010 after a now defunct German news agency, DAPD, complained that AFP was receiving unfair state aid. In its ruling of 2014, the EU Commission agreed that AFP could continue to receive state aid, but urged France to respect the European competition laws. Most importantly, perhaps, the Commission recognised the 'unified nature' of AFP's activities, including the tasks attributed to it on an international level⁷ (European Commission, 2014.) The decision secured AFP's public funding and ended years of uncertainty. However, the French state was required to clarify its relationship with the national news agency and to ensure that any aid to AFP conforms to EU rules. The authorisation will be reviewed again in 2025.

Among the most important changes made to AFP's statute in recent years is that a distinction is made between the funding of so-called 'services of general interest' and the payment for subscriptions sold on a commercial basis to more than 1,100 government departments. Following the Commission's demand for the establishment of control mechanisms, a Financial Commission was created, which is responsible for ensuring that the services are not over-funded by the French state. The number and price of subscription services and the conditions under which the agency sells these to the state are specified in a separate subscription agreement. Furthermore, a *Contract of Objectives and Means* (COM) details the services of general interest, outlines the strategic development goals of the agency and sets the conditions of its financing (see e.g. Laugier, 2017).

According to the French draft budget law for 2018, AFP was to receive from the state a total of 131.5 million euros, of which 111.8 million euros consisted of funding for services of general interest and the rest of subscriptions (Laugier, 2017). While the state subsidy has grown slowly in recent years, the level of state subvention has come down from over 60 per cent of the agency's revenue in the late 1970s (Boyd-Barret 1998, p. 25) to the current level of around 40 per cent.

Some observers have voiced concerns that the French state is disengaging altogether from funding of AFP. Moreover, the vocal trade unions of AFP employees have fiercely criticised an amendment to the statute according to which the agency can now also engage in purely

⁶ According to EU competition rules, state funding for services of general interest cannot exceed the 'net avoided cost' of providing these services. Under this net avoided cost methodology (NACM), the cost of the public service obligation is calculated as the difference between the net cost to a company of operating an SGEI and the net cost to the same company of operating without

a public service obligation (European Commission, 2011).

⁷ The authorisation covered the provision of so-called services of general interest on a global scale, 'whatever the platform, language, origin or destination of the news'.

commercial activities, claiming that the modification has emptied the first two articles of AFP's statute of their meaning and that the 2015 reform has stripped the agency of the structural independence it previously enjoyed (SUD-AFP, 2018).

EFE

Like its French competitor, the Spanish news agency, EFE, has also been subject to an inquiry by the European Commission. In 2016 the Commission gave an authorisation for state aid covering the period up to August 2027, but it urged Spain to 'take all legislative and administrative measures which are necessary to make the existing State aid to the news agency EFE compatible with the Treaty' (European Commission. 2016).

The proposed measures included a requirement that the service of general interest be clearly defined and that the aims and obligations in fulfilment of that service and the basis of funding be clearly determined. According to the Commission's letter to the Spanish authorities, the amount of funding cannot exceed what is necessary to cover the net cost of carrying out the public service so as to avoid over-compensation and cross-subsidisation." Spain was also expected to ensure transparency by separating the accounts for commercial activities conducted outside the public service mandate of EFE. Furthermore, the Spanish state was required to 'ensure that an appropriate determination of the funding needs of EFE on the basis of the net avoided costs model will exclude for the future exceptional capital injections linked to under-compensation' and that the price of state subscriptions will be calculated on the basis of the tariff structure of EFE for its commercial corporate clients.

After several postponements, the Spanish Council of Ministers approved a royal decree in December 2018, aimed at bringing the EFE law into accordance with both the Spanish Constitution and the directives of the European Union. As described earlier, the decree establishes the obligations associated with the agency's public service function, and the methodology to determine the corresponding compensation. The compensation for carrying out public service obligations is paid annually from the State General Budget (PGE) and calculated according to a net avoided cost method, detailed in an annex to the decree. According to the decree, EFE must have a designated auditing entity as well as an analytical accounting system that allows the presentation of separate accounts of the activities subject to public service obligations and the rest of its activities. Compliance with the obligations is evaluated by a separate Control and Monitoring Committee, which is composed of a chair, who is the head of the Secretariat of State for Communication, and four members representing different ministries (BOE, 2018).

Between 2014 and 2017, the annual state subsidy for EFE had been frozen at 38–39 million euros. After the approval of the royal decree in 2018, the agency received an additional 12 million euros from the PGE (BOE, 2018), bringing the annual state aid to 51 million euros. The increase was much needed by the agency, which has been reporting losses for several years in a row. On one hand, it seems that the recent resolutions adopted by the European Commission have clarified the position of the European news agencies by recognising their role in the service of the public interest. At least in the case of EFE, the agency is expected to benefit financially from the status update. On the other hand, in France fears have been voiced that, at the next evaluation round in 2025, AFP may lose its unique status as established in the agency's original statute.

STT

The instruments of SGEI legislation were also applied in the case of the Finnish STT which was awarded in 2018 one-off support of 1.5 million euros under the definition of services of general interest (Finlex 792/2018). The aid was given to the financially troubled company on the condition that its owners be committed to the agency's development and present a plan for stabilising its financial position. STT subsequently announced new ownership arrangements under which the leading media company in Finland, Sanoma, acquired ownership of 75 per cent of the company's stock.

While the euro sum of the state subsidy is small, it corresponds to more than ten per cent of STT's revenue and, in the Finnish context, the decision to resort to state aid was a unique one and disputed within the profession at the highest level. Some of the owners of STT loudly objected to receiving subsidies, while others, including the executives of the company, saw it as imperative. Overall, it appears that the attitude towards media subsidies in general is more negative in Finland than in the other Nordic countries or elsewhere in Europe, the reasons for which seem to be both ideological and pragmatic. According to the Minister of Transport and Communications, Anne Berner, interviewed for our study, the other scenarios considered, including a capitalisation of the company, were quickly discarded. One of the board members of STT interviewed would have preferred a longer-term, even if smaller, state subsidy over the one-off support, which 'provides a respite but does not solve anything'. According to Berner, however, increasing state subscriptions would have been hard to justify.

It would be ill suited to Finnish culture if we bought unnecessary or unimportant additional services with tax-payers money [...] I think it is more transparent, honest and fair for us to clearly state that we are supporting a news agency which is in a bad shape, so

8 The changing relation between news agencies and the state

to speak, and to do this once only on the condition that the owners commit themselves to further development of the company, rather than giving something like disguised subsidies. (A. Berner, Personal interview, August 30, 2018) [our translation]

On the other hand, some are of the opinion that the one million euros contract between STT and Yle, the state-owned Finnish Public Service Broadcaster, is in effect an indirect subsidy to the agency. Yle started subscribing to STT's services in 2017, after a ten-year break, on the recommendation of a parliamentary working group. Although the recommendation was linked to the news agency's weak financial situation, according to the chair of the working group, member of parliament Antero Satonen, the fundamental goal was not to keep STT alive but indirectly to improve the operational conditions of regional newspapers, which are seen as providing an important counter-force to the public service broadcaster at the provincial level. Enhancing media pluralism is one of the main targets of the Finnish government's recent media policy programme.

While Yle's editor-in-chief Jouko Jokinen, who is also a member of STT's board saw opportunities to cut overlapping functions, another Yle insider was more sceptical:

The fact is that we did not need STT's services for anything. [...] As for the basic news service, in particular, we have not recognized any need for that type of content. [...] In my view, it is, in practice, indirect state aid to STT through us, and we pay more than a million [euros] for services we do not need. [...] To put it mildly, it really gets me that one million euros gets wasted in this manner. (Anonymous, Personal interview, September 13, 2018) [our translation]

The case of Finland, as described above, is just one example and no doubt similar ones could be found in other countries. While the direct money transfers from states to agencies are relatively transparent – although there is considerable variation between countries in this respect – the different forms of indirect state support can be difficult to conceptualise. These include different types of contracts and deals that may involve large sums of money.

PAP

According to a report by the Polish Sejm (lower house of parliament), in 2017 the direct subsidy that the agency received from the state budget was 8.9 million Polish zlotys, which is about 2.1 million euros (Sejm, 2018). According to an agency representative, this is paid retroactively after the agency has filed its report detailing what it has done to fulfil the 'missions' formulated in its

statute. Although the share of state funding has stayed at the same level of around ten per cent for years, there have been times when the reimbursement was not made or was smaller than expected. In addition to its direct dealings with the government, PAP receives public money by competing for public tenders and as reimbursement for special projects, the total value of which is not publicly available.

Political interests manifested in appointment procedures

Another important area where states may exert power over news agencies relates to the procedures for appointment of their management. Over the years, there have been regular complaints of political interference in all the countries (excluding Finland) where the state is able, in principle, to influence the appointment or dismissal of the CEO and/or of board members of the agency.

PAP

In recent years the Polish case, most notably, has been in the international headlines. Shortly after its victory in the parliamentary election of October 2015, the Law and Justice (PiS) party introduced a set of reforms in various sectors, including the media. As part of a larger media law package, the 2016 Draft Act on National Media incorporated all state-owned media organisations, including the PAP and the public service media (PSM), into the category of 'national media'. The draft act postulated a profound reform and suggested far-reaching changes to the formal status and governance structures of the state-owned media as well as modifications to their mission and tasks. Eventually, however, the complex set of changes was not followed through, and the focus was placed on the governance of PSM (Klimkiewicz, 2017, pp. 205–206).

The Act on the National Media Council (RMN) was passed in June 2016, introducing a new regulatory body, which now has broad authority to supervise and appoint the executive directors and boards of PAP and all the public service media in Poland. Reportedly, there is an overlap between the responsibilities of the RMN and of the PAP's supervisory board. As formulated by one of our interviewees, these issues of 'dual prominence must be cleared up sooner or later'. Furthermore, the members of the National Media Council themselves are appointed by the Sejm and the country's President, and thus the composition of the Council strongly reflects political influences.

The changes to Polish media laws have attracted strong criticism, particularly from the European Union, raising concerns related to media freedom and pluralism. In the Western media these media policy reforms, aimed at a 're-

Polonisation' of the foreign-dominated Polish market and a foregrounding of patriotic values, have been framed as mainly conservative. In Poland, however, reactions have been polarised, demonstrating deeper societal divides between supporters and critics of the current government (Klimkiewicz, 2017).

Zielonka (2015, p. 18) uses the concept of 'business parallelism' to describe how media owners are actively engaged in politics and in business at the same time. This tendency is common in new democracies. However, in Poland many are of the opinion that the criticism from EU partners is hypocritical, since the state-owned media under the previous government were hardly any more impartial, but this attracted no attention from abroad. According to several interviewees, the Polish public service media and the national news agency have always been good places for those in power 'to put their friends, family and favourites'. Previous research confirms that with every change in the composition of parliament the composition of the management boards and the supervisory councils of the state-owned media companies has tended to change also (see e.g. Jakubowicz, 2008; Bajomi-Lázár, 2014; Castro Herrero et al., 2017; Klimkiewicz, 2017).

On the other hand, according to our interviewees, the changes in legislation and governance have been particularly rapid in the past couple of years and the media policies of the ruling party have appeared to be more ad hoc than systematic. Strikingly, PAP has had three CEOs in less than a year and the management board has also changed twice in less than two years. In practice, the rapid shifts in governance have led to short-term strategies and hastily prepared reforms that have scarcely been consulted with stakeholders and experts before being implemented.

EFE

Although the Polish case has attracted exceptional international interest lately, the procedures for appointing the top executives of the agencies have long been debated elsewhere as well. In the case of EFE, shifts in government have traditionally meant changes in the agency's management. The latest transfer of power, following a vote of no confidence in the ruling party over a corruption scandal in July 2018, was no exception in this respect.

However, one of the first public statements made by EFE's newly elected chair, Fernando Garea, was that his successor should be appointed by parliament and not by the government (Cortes Generales, 2018). This would be in line with the practice recently adopted for the national broadcaster, Radio Televisión Española (RTVE) and would provide EFE with a higher degree of non-partisan independence. In addition, Garea urged that EFE's editorial

board be brought back, recognising similar efforts made some years ago by the public broadcaster.

AFP

In AFP's case also, the role of the state in choosing the chair of the company has aroused suspicion right from the start. The first directors-general of the agency were clearly political appointments. Although the agency has for decades generally been regarded as politically independent and direct government interference considered rare, previous research has indicated that the appointment of the agency's head is always a delicate issue (see e.g. Huteau & Ullmann, 1992). As described by Thogmartin (1998, p. 155), 'the choice of a President-Director-General has been an unending source of political maneuvers and manipulations', since the French government has 'repeatedly taken the initiative in firing or reappointing the agency's president, in violation of the way the selection was designed to work'.

The latest election of the chair of AFP in April 2018 raised, once again, debate over the procedural integrity of the process. While the French state only controls three of the 18 seats (excluding the chair) on AFP's board, it has been considered impossible to operate without its confidence (see e.g. Allsop, 2018). Reportedly, the previous chair of the company, Emmanuel Hoog, was told by the French government immediately before the board was about to select the President-Director-General for the next five-year term that it would not be supporting him. Consequently, Fabrice Fries was left as the only candidate running for the post. AFP staffers called for the vote to be abandoned and went on strike for a short time. Three members of the board (the independent experts) addressed an open letter to the French Minister of Culture, demanding a change in the way the agency was governed (Cagé, Deltendre & Morinière, 2018).

These recent examples from different countries demonstrate that intervening in the appointment procedures of the national news agencies may be tempting and appear worthwhile from the ruling political parties' point of view. Although there is variation in how opaque or transparent these procedures are and in what sort of structural safeguards are provided, the current mechanisms clearly leave room for some sort of behind-the-scenes political actions.

Redefining the state relationship

Talking about the relationship between news agencies and the state brings up questions of power and political (in)dependence. As discussed above, financial dependence on the state inevitably raises the question of whether agencies would hesitate to bite the hand that feeds them. However, with proper editorial firewalls and

10 The changing relation between news agencies and the state

structural safeguards, dependence on public funding does not automatically translate into direct political power over the agency – at least not on the level of daily practices or news output.

Our interviews also indicated that state preferences have changed over time. While maintaining their national identities, in the present-day media environment agencies may have more value as potential tools of soft power than as possible propaganda arms of the political executive. In this respect, their growing number of commercial clients seems to protect the agencies against political interference.

The fact is that, as we have more and more international customers, the state knows that if they ask us to write something in their interest we won't be credible any more for all these international clients. [...] So, basically, they have an interest in letting us do our job, because their interest is in soft power. It's not telling us what we have to say, it's having this soft power. In order to have this soft power we need to be credible, and in order to be credible we need to have no political intervention. [...] They don't intervene in the day-to-day editorial work because it is completely counterproductive. It would make us lose our credibility. (C. Buhagiar, AFP Europe director, Personal interview, August 23, 2018)

Many years ago, EFE was really the way in which the government sent their messages. It's not happening any more. [...] Now, the democracy, politicians know that it's not good to mix politics with news. [...] Because, if it happens, the rest of the clients will say, "Where is the value of news that comes from a news agency owned by the state that is only the speaker of the government?" (Anonymous, Personal interview, September 20, 2018)

One guarantee [of independence] is the legal guarantee, of course. [...] Second thing, far stronger and far more immediate, is that the clients comment on my company's production on a daily basis. They can also command with their money. When the Agency loses its client, we have hardly any other clients to substitute this loss, because the Agency is the biggest player and it has almost every single news medium in its portfolio. It's a very short connection between journalistic integrity and their salary. [...] If there is a political influence on the agency, the national and local media can consider cancelling their subscription. The Agency's business is a guarantee of its journalistic independence. (P. Ambroziak, Personal interview, July 31, 2018)

Similarly, previous research has concluded that, in the case of AFP, the agency's competitive role as a world news agency may be its best defence against manipulation (Huteau & Ullmann, 1992, p. 142; Thogmartin, 1998, p. 154). On the other hand, as discussed above, national governments may still feel a temptation to interfere in management appointment procedures, as a way of securing their role in outlining the strategic objectives of the agencies. Nevertheless, as brought up by several of our interviewees, commercial owners and clients also have their own interests, and thus the media is never completely free of influences. In general, states are also more interested in the public service value provided by the agencies.

As well as reasons related to safeguarding the national interest or linguistic policies, there are more noble, democratic aims at stake that are and should be in the state's interest. Perhaps the most important of these is safeguarding the informational needs of an active citizenry. In the era of disinformation and fake news, the need for professional news institutions that provide accurate, fact-based, trustworthy and truthful information is arguably greater than ever. Therefore, against the background of financial turmoil in the news business, it may be necessary for states to implement or expand existing mechanisms to support high-quality news journalism.

It has been claimed that a free market is likely to underinvest in journalism (see e.g. Kind & Moen, 2014). But quality journalism can be considered a public good because of the welfare gain and the social return to society. Thus, it can be argued that subsidising certain types of content that have low consumption value but high information value is justified if certain preconditions are met. Supporting news production can be considered an investment in human capital, informed citizenship and the functioning of democracy.

In recent years, news agencies have been going through difficult economic times. For decades, each of the agencies studied had a very clear role and place in its national news market. However, with digitalisation, they have been forced to restructure their *modus operandi* in accordance with the new media environment. Lack of money for future investment has been among the main concerns for many of the agencies struggling with a shrinking market (see e.g. Laville, 2010; Laugier, 2017), especially during and after the financial crisis. The same is true also for news media more generally, but, as described by one of our interviewees, the situation is particularly difficult for wholesalers of news:

The situation is brutal in the sense that the economic value of news is almost zero for the time being. No

one is making money from news. It's two seconds, and the news item is everybody's property. However, news can be used as bait to get people onto your site, and then you offer something else to keep them there. But the news itself... it has no economic value. So it's logical that the wholesaler of news will lose its business. Digitalisation has brought us here. You get along if you wrap them up, but STT can't do that. So, the situation is really bad. This leads you to think about whether society should support this sort of activities. (Jouko Jokinen, editor-in-chief, Finnish broadcasting company Yle, Personal interview, September 27, 2018) [our translation]

While some European agencies have been affected more than others, the most profitable parts of the business seem to be based on new, innovative ideas on the periphery of the traditional news business. From the democratic point of view, however, the basic news services are the most valuable part of news agency business. Assuming that the social value of these services is much greater than their economic value to their owners, this brings forward the question of whether the state should offer better support for financing the services that are important for an active and informed citizenry.

Although national news agencies are certainly not the only source of quality news, from the public support point of view they have the advantage of serving the whole media field. Thus, subsidising them has also been argued for on grounds of promoting media pluralism, as in the Finnish case discussed above. Also, in the light of studies of trust in the media, European news agencies are in general trusted institutions that have strong brands, although in some cases their actual influence may be shrinking.

The revenues of traditional wires are in decline. Still, the wire is the source of prestige and renown for the Agency and we are trying to build on this. [...] Maybe this type of news business is out of a market anyway. Twitter kills us in speed, in variety, accessibility. The only currency that we have left is credibility and we are trying to build on this. Everything else [...] can be done faster, better, cheaper, differently, except for credibility. And credibility comes from years of hard work. [...] The fee for the licensed service is only partially a fee for our content. The other part is the insurance premium. (P. Ambroziak, Personal interview, July 31, 2018)

Although the very existence of national news agencies – some of which have existed for more than a hundred years – may be regarded as an intrinsic value, a key question is obviously that of whether or not they have become outdated institutions that have already reached the end of the road. From a democracy perspective, the value of these agencies depends on their capacity to respond to

the changing needs of society. The need for state support must be addressed by individual states on the basis of a clear identification of this need. On a significant level, though, the possibility of state intervention for the benefit of democracy must be recognised.

Some European countries have a long history of supporting their national news agencies – for reasons ranging from preserving the objectives of authoritarian leaders or national interests to informing and empowering the public. AFP and EFE, for example, have been dependent on the state throughout their existence and would not have been able to maintain their costly international networks unless they were receiving a substantial state subsidy. In other countries, the news agencies have operated purely on a commercial basis. However, EU rules for state aid now set the framework for state funding in all member countries.

In order to clarify the status of the European national news agencies, it would be a step forward if the EU, instead of dealing on a country-and-case basis, would agree that the European news agencies as a whole provide public services that are valuable to the democratic, social and cultural needs of each society. Then they could be eligible for public subsidies on similar grounds to those applied in the Amsterdam Treaty to public service broadcasting. A broader definition of public service could include all media providing reliable, truthful and fact-based news.

Nevertheless, we do not wish to argue for policies that appear conservative or protectionist or only aim to support a declining industry by replacing a reduced market income with public funds (cf. Picard, 2007, 2013). Also, there is a benefit to democracy only if the providers of subsidised services are independent and not guided by any external interests. Therefore, calls for state intervention must be accompanied by mechanisms for assessing the value of national news agencies to society, complemented by strict regulations on firewalls that effectively guarantee their autonomy from any outside interference, either political or commercial.

References

AFP (n.d.). Annual report 2017. Retrieved from: <http://annualreport.afp.com/en/>

Agencia EFE (n.d.). Estatutos [Statutes]. Retrieved from: https://www.efe.com/objetos_app/efecom/ficherosleytr ansparencia/ESTATUTOS%20AGENCIA%20EFE.pdf

Agencia EFE (2018a). Cuentas anuales 2017 [Annual accounts 2017]. Retrieved from: <https://www.agenciaefe.es/cuentas-anuales/>

Agencia EFE (2018b). Marco legal [Legal framework]. Retrieved from: <https://www.agenciaefe.es/marco-legal/>

Agencia EFE (2018c). El PSOE solicita aumentar la dotación de EFE en 12 millones en una enmienda a los PGE [PSOE proposes amendment to state general budget to increase funding of EFE by 12 million]. Retrieved from: <https://www.efe.com/efe/espana/portada/el-psyoe-solicita-aumentar-la-dotacion-de-efe-en-12-millones-una-enmienda-a-los-pge/10010-3599162>

Allsop, J. (2018, April 19). At Agence France-Presse, the French state plays a heavy hand. *Columbia Journalism Review*. Retrieved from: https://www.cjr.org/business_of_news/agence-france-presse.php

Artero, J. P. (2008). Opciones estratégicas de las agencias de noticias europeas: Reuters, France Presse y EFE. [Strategic choices at European news agencies: Reuters, France-Presse, and EFE]. *Comunicación y sociedad XXI* (1), 53–79. Retrieved from: https://www.unav.es/fcom/communication-society/en/articulo.php?art_id=37

Bajomi-Lázár, P. (2014). *Party colonisation of the media in Central and Eastern Europe*. Budapest: Central European University Press.

Bannerman, S. & Haggart, B. (2014). Historical institutionalism in communication studies. *Communication Theory* 25 (1), 1–22. <https://doi.org/10.1111/comt.12051>

Boletín Oficial del Estado (BOE) [Spanish Official State Bulletin] (2018, December 22). Real Decreto 1463/2018, de 21 de diciembre, por el que se desarrollan las obligaciones del servicio público de noticias de titularidad estatal encomendado a la Agencia EFE, S.M.E., S.A.U., y su compensación económica. [Royal decree 1463/2018, of December 21, which explains the public service obligations of state-owned news entrusted to Agencia

EFE, S.M.E., S.A.U., and the financial compensation for the services.] Retrieved from: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2018-17605

Boyd-Barret, O. (1998). 'Global' News Agencies. In O. Boyd-Barret & T. Rantanen (Eds.). *The Globalization of News* (pp. 19–34). London: Sage Publications.

Cagé, J., Deltendre, I. & Morinière, F. (2018, April 16). Lettre ouverte [Open letter]. *La Croix*. Retrieved from: <https://www.la-croix.com/Economie/Medias/AFP-lettre-sinsurger-contre-conditions-lelection-Fabrice-Fries-2018-04-16-1200932026>

Castro Herrero, L., Humprecht, E., Engesser, S., Brüggeman, M. & Büchel, F. (2017). Rethinking Hallin and Mancini beyond the West. An analysis of media systems in Central and Eastern Europe. *International Journal of Communication* 11, 4797–4823. Retrieved from: <https://ijoc.org/index.php/ijoc/article/view/6035/2196>

Chapman, A. (2017, June 2017). *Pluralism under attack: The assault on press freedom in Poland*. Freedom House. Retrieved from: https://freedomhouse.org/sites/default/files/FH_Poland_Report_Final_2017.pdf

Cortes Generales (2018, June 25): Diario de sesiones del Congreso de los diputados [Daily record of the House of Representatives]. Retrieved from: http://www.congreso.es/public_oficiales/L12/CONG/DS/CO/DSCD-12-CO-576.PDF

Dircomfidencial (2018, November 28). EFE agrava sus números tras recibir 29,3 millones de euros extras del Estado [EFE numbers fall following receipt of 29.3 euros more from the state]. Retrieved from: <https://dircomfidencial.com/medios/efe-agrava-sus-numeros-tras-recibir-293-millones-de-euros-extras-del-estado-20181128-0405/>

Dobek-Ostrowska, B. (2012). Italianization (or Mediterraneanization) of the Polish media system. In D. C. Hallin & P. Mancini (Eds.). *Comparing media systems beyond the Western world* (pp. 26–50). Cambridge, UK: Cambridge University Press.

Dzięciołowski, K. (2017). *Is there a chance for non-partisan media in Poland?* Reuters Institute Fellowship Paper, University of Oxford. Retrieved from: <https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2017-12/Is%20there%20a%20chance%20for%20non-partisan%20media%20in%20Poland%20-%20Krzysztof%20Dzieciolowski%20Paper.pdf>

European Commission (2011, December 20). *State aid. Commission adopts new package on State aid rules for services of general economic interest (SGEI) – frequently asked questions*. Retrieved from: http://europa.eu/rapid/press-release_MEMO-11-929_en.htm

European Commission (2014, November 27). *Aide d'Etat SA.30481 (2012/E) – France. Aides d'Etat en faveur de l'Agence France-Presse (AFP)* [State aid to AFP]. Letter to the member state. Retrieved from: http://ec.europa.eu/competition/state_aid/cases/244911/244911_1600950_159_4.pdf

European Commission (2016, December 9). *State Aid SA.35474 – Spain. State aid to the news agency EFE*. Letter to the member state. Retrieved from: http://ec.europa.eu/competition/state_aid/cases/258793/258793_1850722_188_2.pdf

Hallin, D. C. & Mancini, P. (2004). *Comparing media systems. Three models of media and politics*. Cambridge, UK: Cambridge University Press.

Hallin, D. C. & Mancini, P. (2012a). "Comparing media systems" between Eastern and Western Europe. In P. Gross & K. Jakubowicz (Eds.). *Media transformations in the post-communist world: Eastern Europe's tortured path to change* (pp. 15–32). Plymouth, UK: Lexington Books.

Hallin, D. C., & Mancini, P. (2012b). *Comparing media systems beyond the Western world*. Cambridge, UK: Cambridge University Press.

Huteau, J. & Ullmann, B. (1992). AFP. *Une histoire de l'Agence France-Presse 1944–1990* [AFP. A history of Agence France-Presse 1944–1990]. Paris: Robert Laffont. International Monetary Fund (2018). *World economic outlook database*, April 2018. Retrieved from: https://www.imf.org/external/pubs/ft/weo/2018/01/weo_data/weoselagr.aspx

Klimkiewicz, B. (2017). State, media and pluralism: Tracing roots and consequences of media policy change in Poland. *Publizistik* 62 (2), 197–213. <https://doi.org/10.1007/s11616-017-0337-5>

Kuhn, R. (2011). *The media in contemporary France*. Glasgow, UK: Open University Press.

Laugier, M. (2017). *Médias, livres et industries culturelles: Presse* [Media, books and cultural industries: Press]. Report for the French Senate. Retrieved from: <http://www.senat.fr/rap/a17-112-42/a17-112-421.pdf>

Laville, C. (2010, November 16). Agence France-Presse, an international news agency of the future? Institut national de l'audiovisuel, *INA Global*. Retrieved from: <https://www.inaglobal.fr/en/presse/article/agence-france-presse-international-news-agency-future>

Légifrance (2018). *Loi n° 57-32 du 10 janvier 1957 portant statut de l'agence France-Presse* [Law No. 57-32 of 10 January 1957 concerning statute of Agence France-Presse]. Retrieved from: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006068171&dateTexte=20181203>

Finlex 792/2018 (2018, September 20). *Valtioneuvooston asetus kansallisen uutistoiminnan tukemisesta*. [Government decree on support for national news operations.] Retrieved from: <https://www.finlex.fi/fi/laki/alkup/2018/20180792>

Ryfe, D. M. & Kimmelmeier, M. (2011). Quoting practices, path dependency and the birth of modern journalism. *Journalism Studies*, 12 (1), 10–26. <https://doi.org/10.1080/1461670X.2010.511943>

Sejm Rzeczypospolitej Polskiej (2018, May 29). *Sprawozdanie z wykonania budżetu państwa* [Report on implementation of state budget]. Retrieved from: <http://orka.sejm.gov.pl/Druki8ka.nsf/0/42EEAAA67DED2F09C125829D002EC6C1/%24File/2559-Tom-I.pdf>

SOS AFP (2017). *Full Text of AFP's statutes in English*. Retrieved from: <http://www.sos-afp.org/en/statutes>

STT (n.d.). *Avainluvut* [Key statistics]. Retrieved from: <https://stt.fi/>

SUD-AFP (2018, April 18). *A new CEO for AFP: Understanding project Fries*. Blogpost. Retrieved from: <https://www.sud-afp.org/spip.php?article497>

Szynol, A. & Glowacki, M. (2011). Comparing media systems in Central and Eastern Europe. Interview with Prof. Daniel C. Hallin and Prof. Paolo Mancini on models of media systems, journalism, new technologies and Central and Eastern European perspective in comparative media studies. *Central European Journal of Communication* 4, 2(7), 317–322.

Thogmartin, C. (1998). *The national daily press of France*. Birmingham, AL.: Summa Publications.

Worldometers (2018, December 3). *Population: Europe*. Retrieved from: <http://www.worldometers.info/population/countries-in-the-eu-by-population/>

Zielonka, J. (Ed.). (2015). Media and politics in new democracies: Europe in a comparative perspective. New York: Oxford University Press.

<https://doi.org/10.1093/acprof:oso/9780198747536.001.0001>

How to cite

Juntunen, L. & Nieminen, H. (2019). The future of national news agencies in Europe - Case study 3: The changing relation between news agencies and the state. The London School of Economics and Political Science, London, UK.

<https://doi.org/10.21953/lse.oc95dmr2xy5y>

ISBN 978-1-909890-55-8



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Department of Media and Communications
London School of Economics and Political Science
Houghton Street, London WC2A 2AE

Email: media@lse.ac.uk

Twitter: @MediaLSE

lse.ac.uk/news-agencies



Design: LSE Design Unit (lse.ac.uk/designunit).